

1099 – Questions and Answers

Background:

As required by law, on January 27, 2017 SBCERS issued 1099Rs (“2016 1099”) to all beneficiaries on payroll during the Calendar year ending December 31, 2016. Per IRS Guidelines, the balances reported on the 2016 1099 include amounts related to the January 2017 benefit payment to our membership. This is due to the fact that the January 2017 benefit payment was disbursed to members using direct deposit on December 30, 2016, two days prior to the conclusion of the tax reporting year.

Did my 2015 1099 include the January 2016 benefit payment?

No. As a result, your 2016 1099 includes both your January 2016 benefit payment and your January 2017 benefit payment.

Why is my reported distribution higher this year?

As a result of the inclusion of the January 2017 benefit payment on the 2016 1099 the amounts reported include 13 monthly benefit payments and the associated withholdings made on your behalf.

Will my reported distribution be higher next year?

No. Because January 1 is always a bank holiday, we intend to continue our practice of disbursing the January benefit payment on the last business day of the year. Next year, the 2017 1099 will report the benefits paid in February 2017 through the January 2018 regular benefit payroll (which will be disbursed on December 29, 2017) so only 12 payments will be reported next year and each year thereafter.

Why does SBCERS disburse the January Payment early?

As a customer service measure and to ensure that amounts are available on January 1 for our membership, SBCERS disburses direct deposit payments the last business day of the year. This is because January 1 is a national holiday and banks are closed. If SBCERS did not disburse these funds early, the amounts would not have been available for use until January 3, 2017.

Who will be affected by this change?

All retired members and beneficiaries who received funds via direct deposit into their bank account will be affected by this change.

How should I report 1099 income from SBCERS on my tax return?

SBCERS does not provide tax reporting advice to our membership. We encourage our members to consult with a tax preparation professional prior to filing their taxes.